

DESCRIPTION OF MICHIGAN TAXES

PERSONAL INCOME TAX

Legal Citation: M.C.L. 206.1 et seq.; M.S.A. 7.557(101) et seq.; 1967 PA 281; Sec. 7 of Art. 9, State Constitution.

Year Adopted: 1967

Basis of Tax: A direct tax on income.

Measure of Tax (Base): Federal adjusted gross income of individuals, estates and trusts, with certain adjustments.

Additions include all or part of (1) interest income from state/local obligations other than Michigan, and certain other exclusions from federal adjusted gross income; and (2) refunds received under the state education trust act for a terminated advance tuition payment contract.

Subtractions include personal and dependency exemptions indexed to inflation (\$2,500 for 1997, \$2,800 for 1998), special exemptions for dependents, the handicapped, senior citizens and certain unemployment compensation recipients and all or part of (1) interest income from federal government obligations; (2) armed forces compensation; (3) public retirement or pension benefits, private retirement or pension benefits up to (indexed amount for 1996 tax year) \$31,920 (\$63,840 for a joint return); (4) political contributions; (5) advance tuition payments made under the state education trust act; (6) beginning with 1998 tax year, up to \$7,500 (\$15,000 for a joint return) of interest, dividends, or capital gains earned by a senior citizen who does not claim a pension deduction; and (7) income earned and interest, dividends, and capital gains received by residents of a renaissance zone. Special provisions exist for estates and trusts.

Credits against tax liability as follows:

(1) *Homestead property taxes.* Limited to \$1,200, figured as follows: (a) general taxpayers — 60% of taxes in excess of 3.5% of household income; (b) senior citizens, paraplegics — 100% of taxes in excess of 0 to 3.5% of household income, varying with size of household income; (c) special computations for certain servicemen, veterans or their spouses, blind persons, farmers, and senior citizens whose rent exceeds a certain percent of income. Property taxes on rented homesteads assumed to equal 20% of gross rent paid (10% in certain subsidized housing projects). Credit reduced by proportion of income from welfare. Credit reduced by 10% at \$73,650 income and by another 10% for each \$1,000 of income thereabove.

(2) *Farmland property taxes.* Available to farmers who have entered into an agreement not to develop their land for another use for a minimum of 10 years. For individuals, partnerships, S corporations and grantor trusts, credit is 100% of taxes in excess of 7% of household income.

(3) *City income taxes.*

<i>Tax paid:</i>	<i>Credit received:</i>
\$100 or less	20% of tax paid
\$100.01-\$150	\$20 plus 10% of amount over \$100
Over \$150	\$25 plus 5% of amount over \$150 (up to \$10,000)

(4) *Contributions.* Limited to lesser of 50% of such gifts or \$100 (\$200 on joint returns; \$5,000 for estates or trusts): (a) Michigan colleges, universities, public broadcast stations, public libraries, artwork, state museums or archives; (b) community foundations; (c) food banks and shelters for homeless persons.

(5) *Income tax paid another state.*

(6) *Home heating costs for low-income families* (excluding dependent full-time students). Credit varies with household income, number of exemptions and heating costs.

(7) *Prescription drugs.* Maximum credit of \$600 for any amount above 5% of household income for persons 65 years of age or older whose household income does not exceed 150% of federal poverty income.

(8) *College tuition tax credit.*

Rate: 4.4%

Administration: Michigan Department of Treasury, Revenue Division.

Report and Payment: Due April 15. Estimated tax declarations and payments due on 15th of April, June, September, and January. Balance of tax due April 15. Withholding required.

PERSONAL INCOME TAX (Cont.)

Disposition:	General Fund, with 23% of gross collections to School Aid Fund.
1995-96 Collections:	\$6,401,789,000 gross; \$1,036,053,000 refunds and credits; \$5,365,736,000 net.
1995-96 Collections/Unit:	\$1,455 million per 1% gross; \$1,219 million per 1% net.

UNIFORM CITY INCOME TAX

Legal Citation:	M.C.L. 141.501 et seq.; M.S.A. 5.3194(1) et seq.; 1964 PA 284.
Year Adopted:	Uniform state law adopted in 1964. Individual cities adopt by ordinance in various years, subject to referendum upon petition of voters.
Basis of Tax:	A direct tax on income (residents); a direct tax on earnings (nonresidents).
Measure of Tax (Base):	(1) Compensation, net profits, investments and other income of city residents; (2) Income earned in the city by nonresidents; (3) Corporate income earned in the city (allocation based on property, sales, payroll). Personal exemption allowed by United States internal revenue code, except that by ordinance a city may adopt an exemption of not less than \$600. A resident is allowed credit for income taxes paid to another city as a nonresident. A resident may deduct certain income earned, capital gains, and lottery winnings received while a resident of a renaissance zone and a business may deduct income attributable to business activity in a renaissance zone.
Rate:	Generally, 1% on residents and corporations; 0.5% on income of nonresidents earned in imposing city. The nonresident rate cannot exceed one-half of the resident rate. The city council in cities over 1,000,000 (Detroit) may impose rates of up to 3% on residents, 2% on corporations, 1.5% on nonresidents. The city council in certain cities under 1,000,000 (Highland Park, Saginaw, and Grand Rapids) may impose rates of up to 2% on residents and corporations and 1% on nonresidents. Rates over 1% on residents and corporations, and a city income tax imposed for the first time after January 1, 1995, must be approved by voters. A first class school district (Detroit) having boundaries coterminous with those of a city imposing an income tax may levy an additional income tax at a rate of up to 1% on resident individuals and corporations if its property tax for operations is not more than 24.76 mills.
Administration:	Administrator designated by the city. Collected by city treasurer.
Report and Payment:	Due April 30 (when tax year ends December 31). Quarterly estimates and payments due April 30, June 30, September 30, and January 31. Withholding required.
Disposition:	General Fund of the city.
1996 Collections:	

<i>City</i>	<i>Rates (in %)</i>			<i>1996</i>
	<i>Resident</i>	<i>Corporation</i>	<i>Nonresident</i>	<i>Net Collections</i>
Albion	1.0	1.0	0.5	\$ 769,000
Battle Creek	1.0	1.0	0.5	11,644,000
Big Rapids	1.0	1.0	0.5	1,251,000
Detroit	3.0	2.0	1.5	332,461,000
Flint	1.0	1.0	0.5	26,329,000
Grand Rapids	1.3	1.3	0.65	42,103,000
Grayling	1.0	1.0	0.5	310,000
Hamtramck	1.0	1.0	0.5	1,937,000
Highland Park	2.0	2.0	1.0	2,688,000
Hudson	1.0	1.0	0.5	440,000
Ionia	1.0	1.0	0.5	1,120,000
Jackson	1.0	1.0	0.5	5,617,000
Lansing	1.0	1.0	0.5	23,670,000
Lapeer	1.0	1.0	0.5	1,269,000
Muskegon	1.0	1.0	0.5	5,654,000
Muskegon Heights	1.0	1.0	0.5	1,044,000
Pontiac	1.0	1.0	0.5	12,632,000
Port Huron	1.0	1.0	0.5	5,248,000
Portland	1.0	1.0	0.5	479,000
Saginaw	1.5	1.5	0.75	13,777,000
Springfield	1.0	1.0	0.5	658,000
Walker	1.0	1.0	0.5	5,192,000
TOTAL				\$496,571,000

SINGLE BUSINESS TAX*

Legal Citation:	M.C.L. 208.1 et seq.; M.S.A. 7.558(1) et seq.; 1975 PA 228.
Year Adopted:	1975
Basis of Tax:	Privilege of doing business in Michigan.
Measure of Tax (Base):	<p>A value-added type tax imposed basically on business income plus compensation paid, interest paid and depreciation, with major deductions for new capital investments and labor intensity.</p> <p>Base begins with federal taxable income of business entity, adjusted to: (1) add back certain federal tax deductions (e.g., income taxes; compensation paid; depreciation; loss carryback/forward; interest, dividends, royalties paid; certain capital gains); (2) deduct certain items included in federal taxable income (dividends, interests, royalties received, excluding certain royalties paid by television broadcasters and by theaters to film distributors; certain capital losses); (3) add the loss or deduct the gain attributable to another taxable business, to the extent included in federal taxable income; (4) add rent paid or deduct rent received if attributable to a sale/lease-back arrangement for federal income tax purposes only.</p> <p>Entire tax base is allocated to Michigan if business activity is confined to the state. Otherwise, for 1997 and 1998, base is apportioned according to sales (80%), property (10%), and payroll (10%), with exceptions for certain types of businesses. If Michigan-only capital acquisition deduction is not in effect, then apportionment formula for 1997 (1998) are: sales 50% (60%), property 25% (20%), and payroll 25% (20%).</p> <p>Thereafter, base is adjusted by: (1) deductions for capital expenditures on tangible assets located in Michigan only (apportioned in the same manner as tax base); and (2) additions for proceeds from disposition of such assets. Sale/lease-back arrangements for federal income tax purposes only are excluded from such adjustments. If adjustment yields a negative result, the loss can be applied against tax base for up to 10 years following.</p> <p><i>Exemptions</i> are allowed for: (1) first \$45,000 of tax base, plus up to \$48,000 for partnerships and small corporations, with reductions as income rises; (2) governmental agencies; (3) most "persons" exempt from federal income taxes; (4) nonprofit cooperative housing corporations; (5) portion of disability insurance premiums of insurers; (6) agricultural producers.</p> <p><i>Exclusions</i> are allowed: (1) if adjusted base exceeds 50% of gross receipts plus certain adjustments; (2) if compensation paid exceeds 63% of tax base.</p> <p><i>Credits</i> are allowed for: (1) up to 100% of tax liability for small businesses with low profits; (2) up to 20% of tax liability for "Subchapter S" corporations and unincorporated businesses; (3) 5% of state property taxes on state assessed utilities; (4) 50% of certain contributions up to a limit; (5) federal unemployment penalty taxes paid by new Michigan employers; (6) amounts paid for worker's compensation supplemental cost of living payments; (7) business activity in certain areas related to high technology, or in an enterprise zone or renaissance zone; (8) 50% of investments in certain minority venture capital companies; (9) Michigan economic growth authority; (10) apprenticeship training; (11) 10% of investments in brownfield redevelopment zones.</p>
Rate:	2.30%; alternative tax of 2% of adjusted gross income for eligible small businesses; insurance companies are subject to a tax of 1.30% of adjusted receipts.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due April 30. Estimated quarterly returns and payments due last day of April, July, October, and January if estimated liability for year is over \$600 or if expected adjustments for capital acquisitions or dispositions exceed \$100,000; due dates adjusted for taxpayers with fiscal year other than calendar year. A taxpayer with apportioned gross receipts of less than \$250,000 need not file a return.
Disposition:	100% to General Fund.
1995-96 Collections:	\$2,304,390,000 gross; \$140,677,000 refunds; \$2,163,713,000 net. Excludes tax paid by insurance companies.
1995-96 Collections/Unit:	\$1,002 million per 1% gross; \$941 million per 1% net.

* The Single Business Tax replaced eight previous taxes including an income tax on corporations and financial institutions, an annual corporation franchise fee, the business portion of the intangibles tax, the property tax on inventories, and various privilege taxes on savings and loans and domestic insurance companies.

UNEMPLOYMENT COMPENSATION TAX

Legal Citation:

Year Adopted:

Basis of Tax:

Measure of Tax (Base):

Rate:

Administration:

Report and Payment:

Disposition:

1995-96 Collections:

M.C.L. 421.1 et seq.; M.S.A. 17.501; 1936 PA 1 (Extra Session).

1936

To provide for an Unemployment Compensation Fund.

Wages paid per covered employee up to a limit of \$9,500 or wages equal to the federal unemployment tax base if higher.

Basic rate is 2.7% on new employers other than construction contractors, who pay the average construction contractor rate. Rate for established employers (after 2 years' experience) may vary from 0.5% to 12%, depending on the employer's experience rating and solvency of the fund, and is based on the following factors:

(1) *Nonchargeable benefit component (NBC)*: a rate of 1% for all employers to cover certain pooled costs, reduced for any "positive balance" employer (one with no deficit in the experience account as of prior June 30) by one-half of federal penalty taxes paid because of overdue loans. The 1% rate is reduced in accordance with the following schedule:

Rate Is	For Calendar Years After	If Number of Consecutive Years Without Claims Is
0.5%	1993	5 (or if CBC rate for calendar years after 1995 is less than 0.2%)
0.4%	1995	6
0.3%	1996	7
0.2%	1997	8
0.1%	1998	9

(2) *Experience account*, which has two parts:

(a) *Chargeable benefit component (CBC)*, a rate of 0-6% measured by the "benefit ratio" (benefits charged to employer's account in the last 5 years as a percent of employer's taxable wages in those years).

(b) *Account building component (ABC)*, a rate of 0-3% based on a "reserve ratio" deficiency (amount by which an employer's actual reserve falls below 3.75% of total payroll). If overall trust fund balance is at least 1.875% of all contributing employers' payrolls, employer's deficiency, as defined above, is multiplied by 0.25, not to exceed a 2% rate. Otherwise, employer's deficiency is multiplied by 0.5, not to exceed a 3% rate.

(3) *Solvency tax*: a rate of 0-2% based on a "reserve ratio" deficiency, imposed only on "negative balance" employers (those with deficit in experience account as of prior June 30) and only during years when the fund has interest-bearing loans outstanding.

Michigan Department of Consumer and Industry Services, Michigan Employment Security Agency (MESA).

By Employment Security Agency regulation — currently quarterly.

Deposited with MESA for transfer to U.S. Treasury to establish pool for payment of unemployment compensation, except for solvency tax which goes to contingency fund in state treasury.

\$1,191,750,000

OIL AND GAS SEVERANCE TAX

Legal Citation:	M.C.L. 205.301 et seq.; M.S.A. 7.351 et seq.; 1929 PA 48.
Year Adopted:	1929
Basis of Tax:	Privilege of producing oil and gas.
Measure of Tax (Base):	Gross cash market value of oil and gas severed. Exemption for certain hydrocarbon fuels qualifying for federal tax credits and acquired pursuant to royalty interests sold by the state.

OIL AND GAS SEVERANCE TAX *(Cont.)*

Rate:	Oil — 6.6%; Gas — 5%; Stripper wells and marginal properties — 4%.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 25th of each month.
Disposition:	General Fund; the greater of 2% or \$1 million to Orphan Well Fund if unexpended balance in that fund is less than \$3 million.
1995-96 Collections:	\$36,296,000

FOREIGN INSURANCE COMPANY RETALIATORY TAX

Legal Citation:	M.C.L. 500.440a-500.476c; M.S.A. 24.1440(1)-24.1476(3); 1956 PA 218.
Year Adopted:	1869
Basis of Tax:	Privilege of transacting business in Michigan.
Measure of Tax (Base):	Gross premiums of out-of-state insurance companies, with certain exclusions.
Rate:	Foreign insurers, an amount equal to taxes and other costs which would be imposed upon a Michigan insurer doing business in the foreign insurer's state or taxation imposed by the SBT, whichever is higher; unauthorized insurers, 2%.
Administration:	Michigan Department of Consumer and Industry Services, Insurance Bureau — unauthorized insurers. Michigan Department of Treasury, Revenue Division — retaliatory tax.
Report and Payment:	Estimated quarterly payments due before April 30, July 31, October 31, January 31; report and additional amounts due before March 1 for preceding calendar year.
Disposition:	General Fund.
1995-96 Collections:	\$205,694,000. Includes single business tax paid by insurance companies.

HORSE RACE WAGERING TAX

Legal Citation:	M.C.L. 431.301-431.336; M.S.A. 18.966(301)-18.966(336); 1995 PA 279.
Year Adopted:	1933
Basis of Tax:	Privilege of engaging in interstate and intertrack horse race simulcast wagering.
Measure of Tax (Base):	Amounts wagered by pari-mutuel methods on interstate and intertrack simulcasts of thoroughbred, standardbred, quarter horse, Appaloosa, and Arabian horse racing.
Rate:	3.5%
Administration:	Michigan Department of Agriculture, Racing Commissioner.
Report and Payment:	Licensee makes daily remittance with detailed statement.
Disposition:	Agriculture Equine Industry Development Fund.
1995-96 Collections:	\$8,522,000

CORPORATE ORGANIZATION TAX

Legal Citation:	M.C.L. 450.2062; M.S.A. 21.200(1062); 1972 PA 284.
Year Adopted:	1891
Basis of Tax:	Privilege of incorporating, renewing, and exercising franchise.
Measure of Tax (Base):	Domestic — authorized capital stock; Foreign — capital stock attributable to Michigan.
Rate:	Domestic — \$50 initially for first 60,000 shares (and \$30 for each additional 20,000 shares and with increase in stock); Foreign — \$50 initially for shares deemed attributable to Michigan (\$30 for each 20,000 share increase in stock).
Administration:	Michigan Department of Consumer and Industry Services, Corporation and Securities Bureau.
Report and Payment:	Due at time of incorporation, admission, or increase in stock.
Disposition:	General Fund.
1995-96 Collections:	\$9,583,000

STATE CASINO GAMING TAX

Legal Citation:	M.C.L. 432.201-432.216; M.S.A. 18.969(201)-18.969(216); Initiated Law of 1996.
Year Adopted:	1996
Basis of Tax:	Privilege of operating a casino in the City of Detroit.
Measure of Tax (Base):	Gross revenues received by a gaming licensee.
Rate:	18%
Administration:	Michigan Department of Treasury, Michigan Gaming Control Board.
Report and Payment:	Due daily.
Disposition:	55% to City of Detroit; 45% to School Aid Fund.
1995-96 Collections:	\$0 (No casino gaming licenses have been issued to date).

AIRPORT PARKING EXCISE TAX

Legal Citation:	M.C.L. 207.371-207.383; M.S.A. 7.559(101)-7.559(113); 1987 PA 248.
Year Adopted:	1987
Basis of Tax:	Privilege of providing public parking at a "regional" airport. The latter term refers to an airport which services 4,000,000 or more enplanements annually (Detroit Metropolitan Wayne County Airport).
Measure of Tax (Base):	Amount charged for parking.
Rate:	30%
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due at same time and manner as use tax.
Disposition:	Airport Parking Fund.
1995-96 Collections:	\$12,067,000

ACCOMMODATIONS (HOTEL-MOTEL) TAX*

Legal Citation:	M.C.L. 141.861 et seq.; M.S.A. 5.3194(371) et seq.; 1974 PA 263. M.C.L. 207.621-207.640; M.S.A. 7.559(21)-7.559(40); 1985 PA 106.									
Year Adopted:	1974 (enabling act for certain counties under 600,000 which may adopt by ordinance). 1985 (for certain counties over 600,000).									
Basis of Tax:	Privilege of engaging in business of providing accommodations.									
Measure of Tax (Base):	In counties under 600,000 and with a city over 40,000: amount charged transient guests for lodging in any hotel/motel. In counties over 600,000 and with a 350,000 sq. ft. convention facility and/or 2,000 rooms: amount charged transient guests for lodging in a hotel/motel of over 80 rooms.									
Rate:	In counties under 600,000: not more than 5%, as determined by county. In counties over 600,000: <table><tr><td><i>No. Rooms Available</i></td><td><i>"Qualified Governmental Unit" (Detroit)</i></td><td><i>Other Governmental Units (Wayne, Oakland, Macomb)</i></td></tr><tr><td>81-160</td><td>3%</td><td>1.5%</td></tr><tr><td>161 or more</td><td>6%</td><td>5.0%</td></tr></table>	<i>No. Rooms Available</i>	<i>"Qualified Governmental Unit" (Detroit)</i>	<i>Other Governmental Units (Wayne, Oakland, Macomb)</i>	81-160	3%	1.5%	161 or more	6%	5.0%
<i>No. Rooms Available</i>	<i>"Qualified Governmental Unit" (Detroit)</i>	<i>Other Governmental Units (Wayne, Oakland, Macomb)</i>								
81-160	3%	1.5%								
161 or more	6%	5.0%								
Administration:	In counties under 600,000: determined by county; collected by county treasurer. In counties over 600,000: Michigan Department of Treasury, Revenue Division.									
Report and Payment:	In counties under 600,000: determined by county. In counties over 600,000: same as use tax.									
Disposition:	In counties under 600,000: special fund for use by county or authority organized under state law. In counties over 600,000: Convention Facility Development Fund for distribution to units of local government. Fiscal-year end excess to General Fund for distribution to qualified units of local government.									
1995-96 Collections:	\$13,370,000 (1985 PA 106 only).									

* Accommodations also are taxed under the use tax. See page 971.

SALES TAX

Legal Citation:	M.C.L. 205.51 et seq.; M.S.A. 7.521 et seq.; 1933 PA 167; Sec. 8 of Art. 9, State Constitution.
Year Adopted:	1933
Basics of Tax:	Privilege of selling at retail.
Measure of Tax (Base):	Gross proceeds from retail sale of tangible personal property for use or consumption. Also includes certain conditional and installment lease sales; sales to consumers of electricity, gas, and steam; and sales to persons in real estate construction and improvement business. <i>Exemptions:</i> a sale of (1) property not purchased for resale by various nonprofit organizations and used primarily to carry out the organization's purposes; (2) property to churches for noncommercial purposes and certain vans and buses used to transport persons for religious purposes; (3) food to enrolled students by an educational institution not operated for profit; (4) property affixed to the real estate of nonprofit hospitals and nonprofit housing; (5) specially-ordered commercial vessels of at least 500 tons engaged in interstate commerce and fuel, provisions, and supplies therefor; (6) property used in production of horticultural or agricultural products as a business enterprise; (7) property used or consumed in industrial processing; (8) copyrighted motion picture films, newspapers, and periodicals classified as second class mail; (9) certain property to commercial radio and television station licensees; (10) hearing aids, contact lenses if prescribed for a specific disease precluding the use of eyeglasses, prosthetic devices, and eyeglasses prescribed by an ophthalmologist, optometrist, or optician; (11) certain property used to provide any combination of telecommunications services which are subject to the Michigan use tax; (12) vehicles not purchased for resale which are used by nonprofit corporations organized exclusively to provide a community with ambulance or fire department service; (13) property purchased with scrip by inmates in correctional or penal institutions; (14) textbooks sold by a school to kindergarten through 12th grade students; (15) certain components of water and air pollution control facilities; (16) vehicles which are purchased by

SALES TAX (Cont.)

nonresident active military personnel for titling in his or her home state; (17) certain vending machine merchandise to the extent of any commissions paid to certain tax-exempt organizations; (18) prescription drugs for human use; (19) food for human use not prepared for immediate consumption; (20) beverage containers to the extent of any deposits; (21) certain food or tangible personal property purchased with federal food stamps; (22) property for use in a "qualified business activity" as defined in the enterprise zone act; (23) property which is part of a drop shipment; (24) property to certain businesses engaged in a high technology activity; (25) property to the federal government or to an instrumentality thereof; (26) railroad cars, locomotives, and accessories; (27) vehicles to the extent of any refund of the purchase price because the vehicle is returned pursuant to the automobile lemon law; (28) tangible personal property for fund-raising purposes by certain nonprofit organizations with calendar year sales of less than \$5,000; (29) commercial advertising elements; (30) food or drinks not artificially heated or cooled that is sold from a mobile facility or vending machine, except milk, noncarbonated beverages containing 10% or more juice content, and fresh fruit; tax may be paid on either sales of nonexempt vended food or sum of 45% of all vended sales other than carbonated beverages plus 100% of carbonated beverage sales; (31) trucks and trailers owned by motor carriers engaged in interstate commerce to the extent of out-of-state usage; (32) water delivered through water mains or in bulk tanks in amounts over 500 gallons; (33) property on an isolated basis by property owners not required to have sales tax license; (34) personal property for resale, for lease if rental receipts are subject to use tax, and for demonstration purposes; (35) property which results in debt that become worthless or uncollectible.

Partial exemption (from two percentage points of the tax rate): sales for residential use of electricity, natural gas, and home heating fuel, and certain building materials pursuant to certain contracts entered into before March 15, 1994.

Rate: 6% (state constitutional limitation).

Administration: Michigan Department of Treasury, Revenue Division.

Report and Payment: Due by 15th of each month following sale, with discount for early remittance. Due by the 18th day of the month of sale for taxpayers with sales tax liability, or use tax liability, or both, of \$720,000 or more during the prior calendar year, in amount equal to (a) 95% of the tax liability for the same month in the prior calendar year or (b) 95% of actual liability for current month reported, plus reconciliation payment equal to the difference between previous month's liability minus tax already paid for that month.

Disposition: 73.3% to School Aid Fund; 23.7% to units of local government (constitutional and statutory revenue sharing); 1.7% to General Fund; and 1.3% to Comprehensive Transportation Fund.*

1995-96 Collections: \$5,189,633,000

1995-96 Collections/Unit: \$865 million per 1%

*The 6% Sales Tax rate consists of a 4% rate, which took effect in 1960, and an additional rate of 2%, which took effect in 1994. Sixty percent of the revenue from the 4% rate, together with 100% of the revenue from the additional rate of 2% (60% of 4% plus 100% of 2% equals 73.3%) is constitutionally dedicated to the School Aid Fund. Another 35.6% (15% constitutionally, 20.6% statutorily (21.3% when lag in payment schedule is accounted for)) of the revenue from the 4% rate only (35.6% of 4% plus 0% of 2% equals 23.7%) is dedicated to cities, villages and townships for revenue sharing.

USE TAX

Legal Citation: M.C.L. 205.91 et seq.; M.S.A. 7.555(1) et seq.; 1937 PA 94; Sec. 8 of Art. 9, State Constitution.

Year Adopted: 1937

Basis of Tax: Privilege of using, storing, and consuming certain tangible personal property, plus the services of telephone, telegraph, and other leased wire communications; used auto sales between individuals; and use of transient hotel and motel rooms. Designed to complement the sales tax.

Measure of Tax (Base): Purchase price of tangible personal property or service.

Exemptions: (1) property upon which the Michigan sales tax has been paid; (2) property which Michigan is prohibited by state Constitution or federal law

USE TAX (Cont.)

from taxing; (3) property purchased for resale, for demonstration, or for lend-lease to a public or parochial school offering drivers education; (4) property of a nonresident brought into Michigan on a temporary basis and not used in nontransitory business activity for a period exceeding 15 days; (5) property upon which a sales or use tax was paid in another state or local unit of another state if that tax was at least equal to the Michigan use tax and the other state has a reciprocal exemption for Michigan taxes paid; (6) property used in production of horticultural or agricultural products as a business enterprise; (7) property used or consumed in industrial processing; (8) property sold to the federal government or to an instrumentality thereof, the American Red Cross and its chapters and branches, and departments, institutions, or subdivisions of state government; (9) property sold to nonprofit organizations used primarily for the organization's purposes; (10) property sold to churches for noncommercial purposes and certain vans and buses used to transport persons for religious purposes; (11) specially-ordered commercial vessels of at least 500 tons engaged in interstate commerce, and fuel, provisions, and supplies therefor; (12) property, possession of which was taken outside Michigan and the value of which does not exceed \$10 during one calendar month; (13) copyrighted motion picture films, newspapers and periodicals classified as second class mail; (14) certain property sold to commercial radio and television station licensees; (15) vehicles purchased in another state by nonresident active military personnel and upon which a sales tax was paid in the other state; (16) vehicles purchased in another state and delivered to Michigan or purchased in Michigan but for use outside Michigan; (17) hearing aids, contact lenses if prescribed for a specific disease precluding the use of eyeglasses, prosthetic devices, and eyeglasses prescribed by an ophthalmologist, optometrist, or optician; (18) water delivered through water mains or bulk tanks of at least 500 gallons; (19) certain machinery and equipment used to provide any combination of telecommunications services; (20) ambulance and fire department vehicles not purchased for resale used by nonprofit corporations organized exclusively to provide a community with ambulance or fire department service; (21) certain components of water and air pollution control facilities; (22) property donated by a manufacturer to certain tax exempt organizations; (23) aircraft operating under a federal certificate which have a maximum takeoff weight of at least 12,500 pounds and used solely to transport cargo or commercial passengers; (24) railroad cars, locomotives, and accessories; (25) certain property purchased for resale as promotional merchandise; (26) prescription drugs for human use; (27) food for human consumption; (28) deposits on returnable beverage containers; (29) certain food or tangible personal property purchased with federal food stamps; (30) international and WATS line telephone calls; (31) property purchased by a specified relative of seller; (32) commercial advertising elements; (33) assessments for hotel or motel rooms imposed pursuant to accommodations taxes; (34) parts, excluding shop equipment and fuel, affixed to certain passenger and cargo aircraft owned or used by a domestic air carrier; (35) the storage, use, or consumption of certain trucks, trailers, and parts affixed thereto used by interstate motor carriers.

Partial exemption (from two percentage points of the tax rate): consumption for residential use of electricity, natural gas, and home heating fuel, and certain building materials pursuant to certain contracts entered into before March 15, 1994.

Rate: 6%

Administration: Michigan Department of Treasury, Revenue Division.

Report and Payment: Due by 15th of each month following sale, with discount for early remittance. Due by the 18th day of the month for taxpayers with sales tax liability, or use tax liability, or both, of \$720,000 or more during the prior calendar year, in amount equal to (a) 95% of the tax liability for the same month in the prior calendar year or (b) 95% of actual liability for current month reported, plus reconciliation payment equal to the difference between previous month's liability minus tax already paid for that month.

Disposition: 67% to General Fund; 33% to School Aid Fund.*

1995-96 Collections: \$1,033,291,000

1995-96 Collections/Unit: \$172 million per 1%

* The 6% use tax rate consists of a 4% rate, which took effect in 1960, and an additional rate of 2%, which took effect in 1994. One hundred percent of the revenue from the 4% rate (100% of 4% plus 0% of 2% equals 67%) is statutorily dedicated to the General Fund. In addition, 100% of the revenue from the additional rate of 2% (0% of 4% plus 100% of 2% equals 33%) is constitutionally dedicated to the School Aid Fund.

TOBACCO PRODUCTS TAX

Legal Citation:	M.C.L. 205.421 et seq.; M.S.A. 7.411(31) et seq.; 1993 PA 327.
Year Adopted:	1993. The former cigarette tax was repealed as of May 1, 1994.
Basis of Tax:	Privilege of selling tobacco products.
Measure of Tax (Base):	Tobacco products sold in Michigan.
Rate:	Cigarettes: 37.5 mills per cigarette (75 cents per pack); cigars, noncigarette smoking tobacco, and smokeless tobacco: 16% of wholesale price.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of each month.
Disposition:	Cigarette proceeds: 63.4% to School Aid Fund, 25.3% to General Fund, 6% to improving the health and safety of state residents, 4% to Health and Safety Fund, and 1.3% to city, county, and district health departments; cigar, noncigarette smoking tobacco, and smokeless tobacco proceeds: 94% to School Aid Fund, 6% to improving the health and safety of state residents.
1995-96 Collections:	\$584,102,000

BEER TAX

Legal Citation:	M.C.L. 436.40-436.41, 49-49a; M.S.A. 18.1011-18.1012, 18.1020(1); 1933 PA 8 (Extra Session).
Year Adopted:	1933
Basis of Tax:	Privilege of manufacturing and selling beer.
Measure of Tax (Base):	Beer manufactured or sold in Michigan; credit for beer shipped out of state for sale and consumption or sold to a military installation or an Indian reservation; exemption for beer consumed on manufacturing premises or damaged and not offered for sale.
Rate:	\$6.30 per barrel, with \$2 per barrel credit for brewers producing less than 20,000 barrels annually.
Administration:	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
Report and Payment:	Due by 8th of each month.
Disposition:	General Fund.
1995-96 Collections:	\$41,878,000
1995-96 Collections/Unit:	\$6.7 million per \$1

WINE TAX

Legal Citation:	M.C.L. 436.16a, 436.49-436.49a; M.S.A. 18.987(1), 18.1020-18.1020(1); 1933 PA 8 (Extra Session).
Year Adopted:	1933
Basis of Tax:	Privilege of manufacturing and selling wine.
Measure of Tax (Base):	Wine sold in Michigan; credit for wine shipped out of state for sale and consumption or sold to a military installation or an Indian reservation; exemption for sacramental wine used by churches.
Rate:	Wines made from imported grapes/fruit: 13.5 cents per liter if 16% alcohol or less; 20 cents per liter if over 16% alcohol. Wines made in Michigan from domestic grapes/fruit: 1 cent per liter; mixed spirit drinks: 48 cents per liter.
Administration:	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
Report and Payment:	Due by 15th of each month.
Disposition:	General Fund.
1995-96 Collections:	\$6,955,000

LIQUOR (EXCISE AND SPECIFIC) TAX

Legal Citation:	4% Excise: M.C.L. 436.101-436.102; M.S.A. 18.1030(1)-18.1030(2); 1959 PA 94. 4% Specific: M.C.L. 436.121-436.124; M.S.A. 18.1030(11)-18.1030(14); 1962 PA 218. 4% Specific: M.C.L. 436.141-436.148; M.S.A. 7.559(41)-7.559(48); 1985 PA 107. 1.85% Specific: M.C.L. 436.131-436.132; M.S.A. 18.1030(51)-18.1030(52); 1972 PA 213.										
Year Adopted:	4% Excise: 1957; 4% Specific: 1959; 4% Specific: 1985; 1.85% Specific: 1972										
Basis of Tax:	Privilege of selling spirits.										
Measure of Tax (Base):	Retail selling price of spirits.										
Rate:	On premise consumption, 12%; off premise consumption, 13.85%.										
Administration:	Michigan Department of Consumer and Industry Services, Liquor Control Commission.										
Report and Payment:	By Commission regulation.										
Disposition:	4% Excise — School Aid Fund; 4% Specific — General Fund; 1.85% Specific — Liquor Purchase Revolving Fund; 4% Specific — Convention Facility Development Fund, for distribution to local governments.										
1995-96 Collections:	<table><tr><td>4% Excise:</td><td>\$22,641,000</td></tr><tr><td>4% Specific:</td><td>23,247,000</td></tr><tr><td>4% Specific:</td><td>22,564,000</td></tr><tr><td>1.85% Specific:</td><td>8,039,000</td></tr><tr><td>TOTAL</td><td>\$76,491,000</td></tr></table>	4% Excise:	\$22,641,000	4% Specific:	23,247,000	4% Specific:	22,564,000	1.85% Specific:	8,039,000	TOTAL	\$76,491,000
4% Excise:	\$22,641,000										
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TOTAL	\$76,491,000										
1995-96 Collections/Unit:	<table><tr><td>4% Excise:</td><td>\$5.7 million/1%</td></tr><tr><td>4% Specific:</td><td>\$5.8 million/1%</td></tr><tr><td>4% Specific:</td><td>\$5.6 million/1%</td></tr><tr><td>1.85% Specific:</td><td>\$4.3 million/1%</td></tr></table>	4% Excise:	\$5.7 million/1%	4% Specific:	\$5.8 million/1%	4% Specific:	\$5.6 million/1%	1.85% Specific:	\$4.3 million/1%		
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4% Specific:	\$5.8 million/1%										
4% Specific:	\$5.6 million/1%										
1.85% Specific:	\$4.3 million/1%										

STADIA AND CONVENTION FACILITY TAX

Legal Citation:	M.C.L. 207.751-207.759; M.S.A. 7.559(1)-7.559(9); 1991 PA 180.
Year Adopted:	1991. Selected cities and counties may adopt by ordinance upon approval by voters. Wayne County voters approved the tax, on hotels and automobile leasing companies only, in November 1996.
Basis of Tax:	Privilege of operating restaurants, hotels and automobile leasing companies.
Measure of Tax (Base):	Gross receipts of restaurants, hotels and automobile leasing companies in selected municipalities.
Rate:	Restaurants and hotels, not to exceed 1%; automobile leasing companies, not to exceed 2%.
Administration:	Michigan Department of Treasury, Revenue Division upon agreement with municipality.
Report and Payment:	To be determined by ordinance.
Disposition:	Special fund of municipality.

UNIFORM CITY UTILITY USERS TAX

Legal Citation:	M.C.L. 141.1151 et seq.; M.S.A. 5.3188(251); 1990 PA 100.
Year Adopted:	1990. Originally enacted in 1970 but expired on June 30, 1988.
Basis of Tax:	Privilege of consuming public telephone, electric, steam, or gas services in a city of 1,000,000 or more (Detroit). Exemption for facility located in a renaissance zone.
Rate:	To be established by increments of one-fourth of 1%, not to exceed a maximum rate of 5%. Rate reduced by increments of one-fourth of 1% for each full 5% by which revenues exceed \$45 million, unless such amounts are dedicated to hire and retain additional police officers.

UNIFORM CITY UTILITY USERS TAX (Cont.)

Administration:	Administrator designated by the city. Collected by the city treasurer.
Report and Payment:	Due by last day of month. Annual return due by end of fourth month following end of tax year.
Disposition:	To hire police officers.
1995-96 Collections:	\$48,887,000
1995-96 Collections/Unit:	\$10 million/1%

UTILITY PROPERTY TAX

Legal Citation:	M.C.L. 207.1 et seq.; M.S.A. 7.251 et seq.; 1905 PA 282; Sec. 5 of Art. 9, State Constitution.
Year Adopted:	1905
Basis of Tax:	In lieu of other general property taxes.
Measure of Tax (Base):	50% of true cash value of all property of telephone and telegraph, railroad, car loaning, sleeping car, and express car companies including franchise owned and used in connection with doing business in Michigan. Railroads receive credit equal to 25% of expenditures for maintenance and improvement of rights-of-way in Michigan, if certain conditions are met.
Rate:	Average statewide general property tax paid by other business property in preceding calendar year.
Administration:	<i>Assessment:</i> Michigan Department of Treasury, State Tax Commission. <i>Collection:</i> Michigan Department of Treasury, Revenue Division.
Report and Payment:	Report due March 31. Tax due July 1 or 1/2 by August 1 and the rest by December 1.
Disposition:	General Fund.
1995-96 Collections:	\$137,748,000

INTANGIBLES TAX

Legal Citation:	M.C.L. 205.131 et seq.; M.S.A. 7.556(1) et seq.; 1939 PA 301.
Year Adopted:	1939. Tax is scheduled to be eliminated as of January 1, 1998.
Basis of Tax:	Owanship of intangibles having situs in Michigan in lieu of general property taxation.
Measure of Tax (Base):	<i>Income producing:</i> income (interest, dividends, and other earnings). <i>Non-income producing:</i> face or par value. Credit of \$175 (\$350 on joint return); \$280 (\$560 on joint return) effective with 1994 tax year. Exemptions for certain governmental obligations, pensions, bank stock, and intangibles included in other tax liability; and for intangibles of charitable organizations, insurance companies, railroads, telephone/telegraph companies, banks, savings and loans, credit unions and a portion of income from "Subchapter S" corporations.
Rate:	<i>Income producing:</i> 3.5% of income but not less than 0.1% of face or par value. <i>Non-income producing:</i> 0.1% of face or par value. Money on hand or in transit, on deposit in banks, and in savings with savings and loans: 20 cents per \$1,000. Tax is reduced by 25% in 1994 and 1995; 50% in 1996; 75% in 1997; and is eliminated entirely as of January 1, 1998.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Payment due on or before last day of fourth month following end of taxpayer's tax year.
Disposition:	General Fund, with distribution of \$9,500,000 to cities, villages and townships.
1995-96 Collections:	\$69,571,000

ESTATE TAX

Legal Citation:	M.C.L. 205.201 et seq.; M.S.A. 7.561 et seq.; 1899 PA 188.
Year Adopted:	1899 (referred to as inheritance tax until amended by 1993 PA 54).
Basis of Tax:	Privilege of transferring an interest in the property of a decedent.
Measure of Tax (Base):	Gross estate as determined under federal internal revenue code.
Rate:	Tax imposed up to maximum allowable federal credit for state inheritance taxes paid.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by same date as federal estate tax.
Disposition:	General Fund.
1995-96 Collections:	\$84,210,000

STATE REAL ESTATE TRANSFER TAX

Legal Citation:	M.C.L. 207.521 et seq.; M.S.A. 7.456(21) et seq.; 1993 PA 330.
Year Adopted:	1993
Basis of Tax:	Privilege of transferring interests in real property.
Measure of Tax (Base):	Fair market value of written instrument by which property is transferred. <i>Exemptions:</i> written instruments involving the following: (1) transfers of less than \$100; (2) transfers of land outside Michigan; (3) transfers which the state is prohibited by federal law from taxing; (4) security or an assignment or discharge of a security interest; (5) transfers evidencing a leasehold interest; (6) personal property; (7) transfers of interests for underground gas storage purposes; (8) transfers where a governmental unit is the grantor; (9) transfers involving foreclosure by a governmental unit; (10) certain interspousal transfers; (11) transfers ordered by a court if no consideration is ordered; (12) transfers to straighten boundary lines if no consideration is paid; (13) transfers to correct a title flaw; (14) land contracts in which title does not pass until full consideration is paid; (15) transfers of mineral rights; (16) creation of joint tenancies if at least one joint tenant already owned the property; (17) sales agreements entered into before enactment of the tax; (18) transfers to persons considered to be "single employers" under the internal revenue code; (19) transfers to a bankruptcy trustee, receiver, or administrator.
Rate:	\$3.75 per \$500 (0.75 percent) or fraction thereof of total value.
Administration:	<i>Collection:</i> County Treasurer. <i>Supervision:</i> Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 15th of each month.
Disposition:	School Aid Fund.
1995-96 Collections:	\$156,824,000

STATE EDUCATION TAX

Legal Citation:	M.C.L. 211.901 et seq.; M.S.A. 7.557(31) et seq.; 1993 PA 331.
Year Adopted:	1993
Basis of Tax:	Same as General Property Tax.
Measure of Tax (Base):	Same as General Property Tax.
Rate:	6 mills
Administration:	<i>Collection:</i> Township, city, and county treasurers. <i>Supervision:</i> Michigan Department of Treasury.

STATE EDUCATION TAX (Cont.)

Report and Payment:	Same as General Property Tax.
Disposition:	School Aid Fund.
1995-96 Collections:	\$1,087,864,000
1995-96 Collections/Unit:	\$181 million per mill

GENERAL PROPERTY TAX

Legal Citation:	M.C.L. 211.1 et seq.; M.S.A. 7.1 et seq.; 1893 PA 206; Secs. 3 and 6 of Art. 9, State Constitution.
Year Adopted:	Territorial Act
Basis of Tax:	Real and personal property not otherwise exempted.
Measure of Tax (Base):	Taxable value, which cannot increase in any one year by more than the lesser of 5% or inflation, excluding additions and losses. When transferred, property is reassessed in accordance with state equalized valuation which equals 50% of true cash value.

Numerous exemptions exist, notably: (1) certain property owned by nonprofit religious or educational organizations; (2) government property; (3) property subject to specific state taxes (e.g., railroad and telephone property, intangibles, motor vehicles); (4) certain household property, personal business property and mechanic's tools; (5) personal property used in agricultural operations; (6) inventory property; (7) special manufacturing tools (dies, jigs, fixtures, molds, etc.); (8) solar, water or wind energy conversion devices (pre-1984); (9) property in transit located in a public warehouse, dock or port facility; (10) property subject to specific local taxes in lieu of property taxation, such as commercial forest land; mobile homes; low-grade iron ore; certified industrial, commercial, technological, commercial housing facilities.

Credits for property taxes paid: see Personal Income Tax.

Rate:	Varies by local unit, but certain statewide constitutional and statutory restrictions exist. The rate may not exceed 15 mills (\$15 per \$1,000) or 18 mills in counties with separate, voter-fixed allocations for all jurisdictions. (These limitations were reduced by the number of mills allocated to local school districts in 1993, after which local school districts may not receive allocated millage.)
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The foregoing limitations may be increased up to 50 mills with voter approval. Excluded from these limitations are: (1) Debt service taxes for all full faith and credit obligations of local units (after December 22, 1978, this exclusion applies only for obligations approved by voters); (2) Taxes imposed by units having separate tax limitations provided by charter or general law (cities, villages, charter townships, and charter counties); (3) Taxes imposed by certain districts or authorities having separate limits (e.g., charter water authorities, port districts, metropolitan districts, and downtown development authorities); (4) Certain taxes imposed by municipalities for special purposes.

The state constitutional tax limitation amendment of 1978 (Headlee) requires a taxing jurisdiction to roll back authorized rates if the state equalized value, excluding new construction, increases faster than the rate of inflation, and state law requires a rate rollback to offset assessment increases (which the governing body can overcome by vote). Local school district operating taxes are limited to the lesser of 18 mills or the 1993 millage rate. Homestead and qualified agricultural property is exempt from this millage. However, school districts with a 1994-1995 per pupil foundation allowance of over \$6,500 may reduce the exemption on homestead and qualified agricultural property by the number of mills necessary to raise that portion of their per pupil foundation allowance over \$6,500 and, if necessary, also may levy additional mills on all property to generate that per pupil dollar amount. In addition, voters in intermediate school districts may approve up to 3 additional mills for operating purposes. In calendar year 1995, the state average rate, including the 6-mill state education tax, was 38.88 mills.

Administration:	Property assessed by city and township assessors; values equalized by county and state among six classifications of real property (residential, commercial, industrial, developmental, agricultural, and timber cutover) plus personal property. Collection by township, city, and village treasurers. Delinquent taxes collected by county treasurer.
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GENERAL PROPERTY TAX (Cont.)

Report and Payment: Township and county taxes due December 1. School taxes due December 1, unless school board elects to make all or one-half due July 1. City and village taxes due in accordance with charters.

Disposition: As locally determined. The state reimburses local governments for certain lands controlled by the Michigan Department of Natural Resources, in lieu of property taxes (often called "the swamp tax"); this reimbursement is equal to \$2.00 an acre. (M.C.L. 324.2150; M.S.A. 13A.2150)

1995-96 Collections:

	1995 Levy	
School*	\$3,031,923,000	50.63%
City	1,411,549,000	23.57
County	1,143,508,000	19.10
Township	344,611,000	5.75
Village	556,770,000	0.95
Total Levy	\$5,988,361,000	100.00

1995-96 Collections/Unit: \$154 million per mill (1995 Levy)

* Includes local school districts, intermediate school districts and community colleges.

COMMERCIAL FOREST TAX

Legal Citation: M.C.L. 324.51101-324.51120; M.S.A. 13A.51101-13A.51120; 1995 PA 57.

Year Adopted: 1925. The former statute was repealed and replaced by 1995 PA 57.

Basis of Tax: In lieu of general property taxation.

Measure of Tax (Base): Lands placed in commercial forest reserve and cash value of timber thereon (generally, 40-acre minimum).

Rate: *Specific:* \$1.10 per acre (state also pays \$1.20 per acre to each county within which acreage is located).

Withdrawal: \$1.00 per acre application fee, plus per acre penalty equal to per acre average ad valorem tax on timber cutover real property in the township where the property is located times the number of years (to a maximum of 7 years or 15 years, depending upon when the property was determined to be commercial forest) that the property was subject to the tax.

Administration: Michigan Department of Natural Resources; Township Assessors, Township and County Treasurers.

Report and Payment: *Specific:* with property tax; Stumpage: Feb. 28, Aug. 31;
Withdrawal: with application to withdraw.

Disposition: Distributed to local units in same proportion as General Property Tax except that school portion is paid to School Aid Fund.

PRIVATE FOREST TAX

Legal Citation: M.C.L. 324.51301 et seq.; M.S.A. 13A.51301; 1995 PA 57.

Year Adopted: 1917. The former statute was repealed and replaced by 1995 PA 57.

Basis of Tax: In lieu of general property taxation.

Measure of Tax (Base): Lands placed in private forest reserve and cash value of timber thereon (40-acre maximum).

Rate: *Specific:* \$1 per acre; Stumpage: 5% of value of timber cut;
Withdrawal: 5% of value of timber on the stump.

Administration: Michigan Department of Natural Resources;
Township Assessors, Township and County Treasurers.

Report and Payment: *Specific:* with property tax; Stumpage: when cut;
Withdrawal: upon withdrawing.

Disposition: Distributed to local units in same proportion as General Property Tax except that school portion is paid to School Aid Fund.

INDUSTRIAL FACILITIES TAX

Legal Citation:	M.C.L. 207.551 et seq.; M.S.A. 7.800(1) et seq.; 1974 PA 198.
Year Adopted:	1974
Basis of Tax:	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within plant rehabilitation or industrial development districts.
Measure of Tax (Base):	<i>Restored or replacement facility:</i> taxable value of facility, excluding land and inventory, in year prior to granting of exemption certificate. <i>New or speculative facility:</i> current taxable value of facility, excluding land and inventory. Partial exemption for facility located in a renaissance zone.
Rate:	<i>Restored facility:</i> same as the local property tax rate. <i>New or replacement facility:</i> (if granted before January 1, 1994) 1/2 of 1993 school operating taxes plus 1/2 of other property taxes except state education tax; (if granted after December 31, 1993) 1/2 of all taxes other than state education tax plus the state education tax. Certificate applicants and the granting municipality must enter into an agreement before the State Tax Commission can approve an exemption certificate.
Administration:	Same as General Property Tax. Local legislative body and State Tax Commission must approve issuance of certificate with concurrence of Michigan Department of Consumer and Industry Services.
Report and Payment:	Same as General Property Tax.
Disposition:	Distributed on same basis as General Property Tax except that all or part of school district share is credited to the School Aid Fund.

COMMERCIAL FACILITIES TAX

Legal Citation:	M.C.L. 207.651 et seq.; M.S.A. 7.800(51) et seq.; 1978 PA 255.
Year Adopted:	1978
Basis of Tax:	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within commercial redevelopment districts.
Measure of Tax (Base):	<i>Restored facility:</i> state-equalized value of facility, excluding land and certain personal property, in year prior to granting of exemption certificate. <i>New or replacement facility:</i> current state-equalized value of facility, excluding land and certain personal property. Partial exemption for facility located in a renaissance zone.
Rate:	<i>Restored facility:</i> same as the local property tax rate. <i>New or replacement facility:</i> 1/2 of 1993 school operating taxes plus 1/2 of other property taxes except State Education Tax.
Administration:	Same as General Property Tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired on December 31, 1985, but an exemption then in effect continues until expiration of certificate.
Report and Payment:	Same as General Property Tax.
Disposition:	Same as Industrial Facilities Tax.

TECHNOLOGY PARK FACILITIES TAX

Legal Citation:	M.C.L. 207.701 et seq.; M.S.A. 7.800(101) et seq.; 1984 PA 385.
Year Adopted:	1984
Basis of Tax:	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within technology park districts. Partial exemption for facility located in a renaissance zone.
Measure of Tax (Base):	Current state-equalized value of the facility, excluding land.

TECHNOLOGY PARK FACILITIES TAX (Cont.)

Rate:	1/2 of 1993 school operating taxes plus 1/2 of other property taxes except state education tax.
Administration:	Same as General Property Tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired on December 31, 1993, but an exemption then in effect continues until expiration of certificate.
Report and Payment:	Same as General Property Tax.
Disposition:	Same as Industrial Facilities Tax.

COMMERCIAL HOUSING FACILITIES TAX

Legal Citation:	M.C.L. 207.601 et seq.; M.S.A. 7.792(1) et seq.; 1976 PA 438.
Year Adopted:	1976
Basis of Tax:	In lieu of general property taxation for up to 12 years after completion of new facilities granted exemption certificates within downtown development district of city levying income tax.
Measure of Tax (Base):	State-equalized value of new facility, excluding land.
Rate:	1/2 the local property tax rate, unless waived by local legislative body.
Administration:	Same as Commercial Facilities Tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired December 31, 1986, but exemption then in effect continues.
Report and Payment:	Same as General Property Tax.
Disposition:	Same as Industrial Facilities Tax.

ENTERPRISE ZONE FACILITIES TAX

Legal Citation:	M.C.L. 125.2101 et seq.; M.S.A. 3.540(301) et seq.; 1985 PA 224.
Year Adopted:	1985
Basis of Tax:	In lieu of general property taxation for up to 10 years after a business is certified as a qualified business.
Measure of Tax (Base):	State-equalized value of real and personal property of a qualified business exclusive of exemptions. Partial exemption for facility located in a renaissance zone.
Rate:	<i>Qualified business:</i> 1/2 the statewide average property tax rate on commercial, industrial, and utility property. <i>Certain other business:</i> the local property tax rate, with credits that can reduce rate to statewide average property tax rate.
Administration:	Issuance of certification requires approval of Michigan Enterprise Zone Authority.
Report and Payment:	Same as General Property Tax.
Disposition:	To the local unit in which such property is located, with certain exceptions.

NEIGHBORHOOD ENTERPRISE ZONE FACILITIES TAX

Legal Citation:	M.C.L. 207.771 et seq.; M.S.A. 7.800(171) et seq.; 1992 PA 147.
Year Adopted:	1992
Basis of Tax:	In lieu of general property taxation for up to 12 years after rehabilitation or completion of facility granted exemption. Partial exemption for facility located in a renaissance zone.

NEIGHBORHOOD ENTERPRISE ZONE FACILITIES TAX *(Cont.)*

Measure of Tax (Base):	<i>Rehabilitated facility:</i> state-equalized value of facility in year prior to granting of exemption certificate, excluding land. <i>New facility:</i> state-equalized value of facility.
Rate:	<i>New or rehabilitated facility: Homesteads:</i> 1/2 of the average rate paid by other homestead or qualified agricultural property. <i>Nonhomesteads:</i> 1/2 the average rate paid by other commercial, industrial, and utility property.
Administration:	Same as General Property Tax.
Report and Payment:	Same as General Property Tax.
Disposition:	Same as Industrial Facilities Tax.

MOBILE HOME TRAILER COACH TAX

Legal Citation:	M.C.L. 125.1041; M.S.A. 5.278(71); 1959 PA 243.
Year Adopted:	1959
Basis of Tax:	In lieu of general property taxation.
Measure of Tax (Base):	Occupied trailer coaches (including mobile homes) in licensed trailer coach parks.
Rate:	\$3 per month per occupied trailer coach.
Administration:	Township or city treasurer.
Report and Payment:	Due each month.
Disposition:	\$2 per coach to School Aid Fund; 50 cents per coach to counties and municipalities, respectively.

LOW GRADE IRON ORE SPECIFIC TAX

Legal Citation:	M.C.L. 211.621 et seq.; M.S.A. 13.157(1) et seq.; 1951 PA 77.
Year Adopted:	1951
Basis of Tax:	In lieu of general property taxation.
Measure of Tax (Base):	Rated annual capacity of production and treatment plant, and gross ton value of ore.
Rate:	<i>Prior to full production:</i> rated annual capacity times 0.55% of value per gross ton, times percent completion of plant. <i>Subsequently:</i> 5-year average production times 1.1% of value per gross ton.
Administration:	<i>Assessment:</i> Township or city assessor; Michigan Department of Natural Resources, Geological Division. <i>Collection:</i> Township or city treasurer.
Report and Payment:	Same as General Property Tax.
Disposition:	Distributed to local units in same proportion as General Property Tax except that school portion is paid to School Aid Fund.

COUNTY REAL ESTATE TRANSFER TAX

Legal Citation:	M.C.L. 207.501 et seq.; M.S.A. 7.456(1) et seq.; 1966 PA 134.
Year Adopted:	1966
Basis of Tax:	Privilege of transferring any interest in real property.
Measure of Tax (Base):	Fair market value of written instrument. Numerous exemptions including transfers of less than \$100, instruments where a government is seller or grantor, certain conveyances between spouses, transfers of mineral rights.

COUNTY REAL ESTATE TRANSFER TAX (Cont.)

Rate:	55 cents per \$500 (0.11%) or fraction thereof of total value. Wayne County is statutorily authorized to impose a higher rate but voter approval is required.
Administration:	<i>Supervision:</i> Michigan Department of Treasury. <i>Collection:</i> Treasurer of county in which transfer occurs.
Report and Payment:	Due when transaction is recorded.
Disposition:	General fund of county in which tax is collected.

GASOLINE TAX

Legal Citation:	M.C.L. 207.101 et seq.; M.S.A. 7.291 et seq.; 1927 PA 150; Sec. 9 of Art. 9, State Constitution.
Year Adopted:	1925
Basis of Tax:	Privilege of using highways.
Measure of Tax (Base):	Gasoline sold or used in operating vehicles on public highways. Exemption for gasoline used in (1) vehicles owned by the state or federal government; (2) vehicles owned or leased and operated by units of local government. Refund of tax on gasoline purchased for (1) a purpose other than operation of a vehicle on public highways; (2) five or more person capacity vehicles operated under a municipal franchise; (3) passenger vehicles used to transport schoolchildren; (4) community action agencies; (5) school buses owned and operated by private nonprofit parochial, or denominational schools, college, or universities.
Rate:	19 cents per gallon.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of each month.
Disposition:	Michigan Transportation Fund: 2% to Recreation Improvement Fund; \$5 million to Critical Bridge Fund; \$3 million to Rail Grade Crossing Account; Transportation Economic Development Fund; 10% earmarked to Comprehensive Transportation Fund; of remainder, 39.1% to State Trunkline Fund; 39.1% to county road commissions; 21.8% to cities and villages.
1995-96 Collections:	\$689,583,000
1995-96 Collections/Unit:	\$46 million per 1 cent.

DIESEL FUEL TAX

Legal Citation:	M.C.L. 207.121 et seq.; M.S.A. 7.316(1) et seq.; 7.340(1) et seq.; 1951 PA 54.
Year Adopted:	1947
Basis of Tax:	Privilege of using highways.
Measure of Tax (Base):	Diesel fuel sold or used in operating vehicles on public highways. Exemption for diesel fuel used in or for (1) vehicles owned by the state or federal government; (2) vehicles owned or leased and operated by units of local government; (3) off-highway use; (4) home heating oil; (5) export; (6) as other than motor fuel; (7) for use in trains. Refund of tax on diesel fuel purchased for use in (1) ten or more person capacity vehicles operated under a municipal franchise; (2) school buses owned and operated by private nonprofit parochial, or denominational schools, college, or universities.
Rate:	15 cents per gallon with discount of 6 cents for vehicles taxed under the Motor Carriers Fuel Tax.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of each month.
Disposition:	Michigan Transportation Fund.
1995-96 Collections:	\$76,563,000
1995-96 Collections/Unit:	\$5 million per 1 cent.

MOTOR CARRIERS FUEL TAX

Legal Citation:	M.C.L. 207.211 et seq.; M.S.A. 7.340(1) et seq.; 1980 PA 119.
Year Adopted:	1980
Basis of Tax:	Privilege of using Michigan highways.
Measure of Tax (Base):	Motor fuel consumed in operating vehicles on public highways.
Rate:	21 cents per gallon with a 15 cent credit for fuel purchased in Michigan. (Note: motor carriers taxed under this act are also taxed under the Diesel Fuel Tax for a net total tax rate of 15 cents per gallon.)
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of month quarterly.
Disposition:	Michigan Transportation Fund.
1995-96 Collections:	\$609,000 (reflects a partial year's revenues).

MOTOR CARRIERS PRIVILEGE TAX

Legal Citation:	M.C.L. 478.1-478.7; M.S.A. 22.560-22.565(1); 1923 PA 254.
Year Adopted:	1923
Basis of Tax:	Privilege of using highways.
Measure of Tax (Base):	Vehicles operated on highways by common and contract carriers.
Rate:	\$50 per vehicle for trucks or tractors used exclusively for transporting household goods. \$100 per vehicle for all others.
Administration:	Michigan Department of Consumer and Industry Services, Public Service Commission; certain fees, Michigan Department of State Police.
Report and Payment:	Due annually by December 1.
Disposition:	Michigan Transportation Fund; certain fees, Truck Safety Fund.
1995-96 Collections:	\$5,362,000

LIQUEFIED PETROLEUM TAX

Legal Citation:	M.C.L. 207.151 et seq.; M.S.A. 7.317(1) et seq.; 1953 PA 147.
Year Adopted:	1953
Basis of Tax:	Privilege of using highways.
Measure of Tax (Base):	Liquefied petroleum gas sold or used in operating vehicles on public highways.
Rate:	15 cents per gallon.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of each month.
Disposition:	Michigan Transportation Fund.
1995-96 Collections:	\$1,067,000
1995-96 Collections/Unit:	\$71,133 per 1 cent.

AVIATION GASOLINE TAX

Legal Citation:	M.C.L. 259.203; M.S.A. 10.303; 1945 PA 327.
Year Adopted:	1929
Basis of Tax:	Privilege of using aviation facilities.
Measure of Tax (Base):	Fuel sold or used for propelling aircraft.
Rate:	3 cents per gallon. Refund of 1.5 cents per gallon to airline operators on interstate scheduled operations.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of each month.

AVIATION GASOLINE TAX *(Cont.)*

Disposition:	Aeronautics Fund.
1995-96 Collections:	\$6,020,000
1995-96 Collections/Unit:	\$401,333 per 1 cent.

MARINE VESSEL FUEL TAX

Legal Citation:	M.C.L. 324.71101-324.71108; M.S.A. 13A.71101-13A.71108; 1995 PA 58.
Year Adopted:	1947. The former statute was repealed and replaced by 1995 PA 58.
Basis of Tax:	Privilege of operating vessels on navigable streams.
Measure of Tax (Base):	Gasoline and diesel fuel sold or used for propelling watercraft, off-road vehicles, and snowmobiles.
Rate:	Same as Gasoline Tax, with refund for certain boats and vessels.
Administration:	Michigan Department of Treasury, Revenue Division.
Report and Payment:	Due by 20th of each month.
Disposition:	Recreation Improvement Fund.
1995-96 Collections:	\$180,000

AIRCRAFT WEIGHT TAX

Legal Citation:	M.C.L. 259.77; M.S.A. 10.177; 1945 PA 327.
Year Adopted:	1923
Basis of Tax:	In lieu of all other general property taxes on aircraft.
Measure of Tax (Base):	The greater of maximum gross weight or maximum takeoff weight.
Rate:	1 cent per pound.
Administration:	Michigan Department of Transportation, Aeronautics Commission.
Report and Payment:	Due by each August 1.
Disposition:	Aeronautics Fund.
1995-96 Collections:	\$244,000

WATERCRAFT REGISTRATION TAX

Legal Citation:	M.C.L. 281.1021-281.1033; M.S.A. 18.1287(21)-18.1287(33); 1967 PA 303.								
Year Adopted:	1967								
Basis of Tax:	In lieu of General Property Tax for privilege of operating motorboats and other vessels on Michigan waters.								
Measure of Tax (Base):	Length of boat. Exemptions for lifeboats; hand-propelled vessels 16' or less; nonmotorized canoes not used for rental or commercial purposes, all-terrain vehicles; rafts, surfboards, swim floats; vessels used temporarily on state waters.								
Rate:	Registration for 3-year period. Rates for motorboats (in feet): <table><tr><td>Under 12, \$ 14</td><td>28-less than 35, \$168</td></tr><tr><td>12-less than 16, \$ 17</td><td>35-less than 42, \$244</td></tr><tr><td>16-less than 21, \$ 42</td><td>42-less than 50, \$280</td></tr><tr><td>21-less than 28, \$115</td><td>50 or more, \$448</td></tr></table> Separate rates for pontoon boats and motorized canoes, nonpowered vessels 12' or over, and vessels carrying freight and passengers for hire.	Under 12, \$ 14	28-less than 35, \$168	12-less than 16, \$ 17	35-less than 42, \$244	16-less than 21, \$ 42	42-less than 50, \$280	21-less than 28, \$115	50 or more, \$448
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16-less than 21, \$ 42	42-less than 50, \$280								
21-less than 28, \$115	50 or more, \$448								
Administration:	<i>Collection:</i> Michigan Department of State. <i>Enforcement:</i> Michigan Department of Natural Resources, county sheriffs.								
Report and Payment:	Due by each January 1.								
Disposition:	17.5% to State Waterways Fund; 33.5% to Harbor Development Fund; 49% to Marine Safety Fund.								
1995-96 Collections:	\$10,002,000								

MOTOR VEHICLE WEIGHT OR VALUE TAX

Legal Citation:	M.C.L. 257.801-257.810; M.S.A. 9.2501-9.2510; 1949 PA 300.																																																								
Year Adopted:	1905																																																								
Basis of Tax:	In lieu of general property and other taxes.																																																								
Measure of Tax (Base):	Weight of vehicle — or, in some cases, the type or sales price of vehicle. Elected gross vehicle weight (the empty weight of a vehicle or combination of vehicles plus the weight of the maximum load the owner has elected to carry) for large trucks.																																																								
Rate:	<div><div><div>1. Personal passenger vehicles purchased new, or vehicles of the 1984 model year or later which are subsequently resold as used, are assessed on the following schedule:</div><table><thead><tr><th><i>Base List Price</i></th><th><i>Tax in 1st Year of Ownership</i></th></tr></thead><tbody><tr><td>Up to \$6,000</td><td>\$30</td></tr><tr><td>\$6,001 to \$7,000</td><td>\$33</td></tr><tr><td>\$7,001 to \$30,000</td><td>\$33, plus \$5 for each \$1,000 above \$7,000 base list price.</td></tr><tr><td>More than \$30,000</td><td>0.5% of base list price.</td></tr></tbody></table><p>The above rates are adjusted annually in accordance with increase in state personal income. During the 2nd, 3rd, and 4th years, the tax on such vehicles is reduced by 10% from the prior year's level and remains constant thereafter.</p><p>Passenger cars, motor homes, pickup trucks and vans under 5,000 lb purchased before October 1, 1983 are assessed on the basis of the following schedule in lieu of a value tax:</p><table><tbody><tr><td>0-3,000 lb, \$29</td><td>5,501-6,000 lb, \$57</td><td>8,501- 9,000 lb, \$86</td></tr><tr><td>3,001-3,500 lb, \$32</td><td>6,001-6,500 lb, \$62</td><td>9,001- 9,500 lb, \$91</td></tr><tr><td>3,501-4,000 lb, \$37</td><td>6,501-7,000 lb, \$67</td><td>9,501-10,000 lb, \$95</td></tr><tr><td>4,001-4,500 lb, \$43</td><td>7,001-7,500 lb, \$71</td><td>Over 10,000 lb, \$0.90/100 lb</td></tr><tr><td>4,501-5,000 lb, \$47</td><td>7,501-8,000 lb, \$77</td><td></td></tr><tr><td>5,001-5,500 lb, \$52</td><td>8,001-8,500 lb, \$81</td><td></td></tr></tbody></table></div><div><div>2. Varied rates for specialized vehicles such as buses and taxicabs, motorcycles, certain farm equipment, ambulances and hearses, moving vans.</div><div>3. Commercial pickup trucks under 5,000 lb: 0-4,000 lb, \$39; 4,001-4,500 lb, \$44; 4,501-5,000 lb, \$49.</div><div>4. Trucks weighing 8,000 lb or less and tow trucks (\$38 minimum; fee per 100 lb):<table><tbody><tr><td>0-2,500 lb, \$1.40</td><td>8,001-10,000 lb, \$3.25</td></tr><tr><td>2,501-4,000 lb, \$1.76</td><td>10,001-15,000 lb, \$3.77</td></tr><tr><td>4,001-6,000 lb, \$2.20</td><td>Over 15,000 lb, \$4.39</td></tr><tr><td>6,001-8,000 lb, \$2.72</td><td></td></tr></tbody></table></div><div>5. For trucks weighing 8,000 lb or less towing a trailer or for trucks weighing 8,001 lb and over, road tractors, and truck tractors, a flat fee on elected gross weight (shown here in lbs):<table><tbody><tr><td>0-24,000, \$491</td><td>66,001-72,000, \$1,529</td></tr><tr><td>24,001-26,000, \$558</td><td>72,001-80,000, \$1,660</td></tr><tr><td>26,001-28,000, \$558</td><td>80,001-90,000, \$1,793</td></tr><tr><td>28,001-32,000, \$649</td><td>90,001-100,000, \$2,002</td></tr><tr><td>32,001-36,000, \$744</td><td>100,001-115,000, \$2,223</td></tr><tr><td>36,001-42,000, \$874</td><td>115,001-130,000, \$2,448</td></tr><tr><td>42,001-48,000, \$1,005</td><td>130,001-145,000, \$2,670</td></tr><tr><td>48,001-54,000, \$1,135</td><td>145,001-160,000, \$2,894</td></tr><tr><td>54,001-60,000, \$1,268</td><td>Over 160,000, \$3,117</td></tr><tr><td>60,001-66,000, \$1,398</td><td></td></tr></tbody></table></div></div></div>	<i>Base List Price</i>	<i>Tax in 1st Year of Ownership</i>	Up to \$6,000	\$30	\$6,001 to \$7,000	\$33	\$7,001 to \$30,000	\$33, plus \$5 for each \$1,000 above \$7,000 base list price.	More than \$30,000	0.5% of base list price.	0-3,000 lb, \$29	5,501-6,000 lb, \$57	8,501- 9,000 lb, \$86	3,001-3,500 lb, \$32	6,001-6,500 lb, \$62	9,001- 9,500 lb, \$91	3,501-4,000 lb, \$37	6,501-7,000 lb, \$67	9,501-10,000 lb, \$95	4,001-4,500 lb, \$43	7,001-7,500 lb, \$71	Over 10,000 lb, \$0.90/100 lb	4,501-5,000 lb, \$47	7,501-8,000 lb, \$77		5,001-5,500 lb, \$52	8,001-8,500 lb, \$81		0-2,500 lb, \$1.40	8,001-10,000 lb, \$3.25	2,501-4,000 lb, \$1.76	10,001-15,000 lb, \$3.77	4,001-6,000 lb, \$2.20	Over 15,000 lb, \$4.39	6,001-8,000 lb, \$2.72		0-24,000, \$491	66,001-72,000, \$1,529	24,001-26,000, \$558	72,001-80,000, \$1,660	26,001-28,000, \$558	80,001-90,000, \$1,793	28,001-32,000, \$649	90,001-100,000, \$2,002	32,001-36,000, \$744	100,001-115,000, \$2,223	36,001-42,000, \$874	115,001-130,000, \$2,448	42,001-48,000, \$1,005	130,001-145,000, \$2,670	48,001-54,000, \$1,135	145,001-160,000, \$2,894	54,001-60,000, \$1,268	Over 160,000, \$3,117	60,001-66,000, \$1,398	
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Administration:	Michigan Department of State; certain fees, Michigan Department of Natural Resources.																																																								
Report and Payment:	Registration expires annually on owner's birthday, except for certain commercial vehicles and trailers owned by "persons" other than individuals (last day of Feb.), for motorcycles (March 31), and for historic vehicles (on April 15 in the 5th year after the date of issue). Tax due with new registration.																																																								
Disposition:	Michigan Transportation Fund; certain fees, Scrap Tire Regulation Fund.																																																								
1995-96 Collections:	\$560,795,000																																																								

Source: *Outline of the Michigan Tax System, Report No. 322*, Citizens Research Council of Michigan, Detroit, Michigan (1997).